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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Monday, November 29, 1999

Mr. Darius Withers
Federal Communications Commission
Office of the Secretary
445 12th Street SW
Washington D.C. 20554

RE: RM 9108

Fax: 1-202-418-0236

Dear Darius,

Thank you for taking the time out of your schedule to discuss tomorrows FCC meeting and the pending US West action regarding the elimination of the 4250 LEC billing record from the competitive marketplace.

While I have heard and understand the FCC position with regard to the deregulation of the billing platforms in the late 1980's. I don't believe that the FCC has heard the position of the many new and start up business's that will be negatively impacted if US West is allowed to eliminate this competitive billing product by their unilateral actions.

My Company, Shared Network Services, employs over 100 people in Lodi, California where we service a customer base of roughly 25,000 to 35,000 fee-based customers. We are a technology company founded in April 1996, to provide a multitude of Internet and Web Hosting services to the small and medium sized businesses in the United States. While we posses many technologies to design and develop Web hosting and Internet access services to these customers we are not a billing Company and until recently we were not under the impression that we needed to develop that expertise.

While I don't begrudge US West their ability to grow, the rules of that growth should not run counter to the fairness that has already been brought to the marketplace. The growth of technology and the deployment of new services in the past three years is unprecedented in history. We are all trying to apply old rules and definitions to new products and services. Just because a LEC may have demonstrated a competitive attitude in one area does not mean that they have achieved it in another. By the same token there need to be rules adopted so that the playing field is leveled and MCI's request for rules is not far fetched.

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As a new company, we have no real experience with billing and we entered into an agreement a clearinghouse that specialized in LEC Billing. We supplied them with our marketing plan, a list of our products and services, their descriptions, our fulfillment packages, our sales and marketing techniques, marketing materials... basically the road map to our customers. We have spent the last three and a half years building a business and with 30 days notice we risk losing our link to that customer.

Is it merely a coincidence that these are the very, markets that the LEC's are trying to penetrate? The Internet and the services we offer as a company did not exist 10 years ago. They are new, fresh and profitable. The LEC's are not deaf, dumb or blind and their action is highly suspicious and targeted.

We made the decision to utilize the 4250 billing platform over several other methods of billing as a convenient way to leverage and package a business to business billing platform that was already in the Marketplace and provided us with the most expedient and credible method to bill our customers.

When we first instituted the use of the 4250 billing record in 1996 we were under the impression that it was a regulated platform and that its continued use was more or less assured. We were certainly not under the impression that its existence was predicated on the whim of a LEC. Realistically speaking, the LEC Billing platform is even more of a competitive component of the communications landscape today than it was in 1988.

Regardless of its regulated status, the billing of a product or service is a fundamental part of the business relationship any Company has with its customers. So much so that the US West action has the potential of disrupting any contact with our customer directly altogether. Can you name a billing platform as powerful and convenient for new communications services? The fact of the matter is that the changes proposed by US West will certainly change our access to the customer and our ability to deliver a bill.

To date the Clearinghouses we have agreements with have not taken an aggressive stance with US West and the regulators for fear of losing their other contracts for LEC billing. If US West is allowed to move forward it will signal to the rest of the Bells that they can force their competitors to a subservient position in offering bundled billing strategies for their customers. The market ahs yet to mature and yet we are talking about stripping Company's like mine of their very access. A worst case scenario is a phased in solution or a grandfather solution so as to prevent such a dramatic changing of the current billing method.

If you analyze the marketplace today and compare it to just three (3) years ago let alone 10 or 11 years ago, you will have to admit that the communications marketplace has changed dramatically. The advent of the Internet and its vast products and services, the further consolidation of Communications giants to

even larger giants, the power of those brands and their reach into the marketplace, their infinite resources coupled with platforms such as billing make them a formidable foe.

Certainly we could fight the action in court, but then our resources that are allocated for growing our companies in the critical customer care areas such as investment into R&D, customer service, product development and sales and marketing would be eaten by the competitive abuses that these monoliths present.

The standard of Competition today needs to be viewed against the backdrop of the marketplace that exist today, not 11 years ago. They say that an Internet year is three (3) months, we need to focus on remaining as competitive as we can without being distracted by the very issues we know to be embedded in a competitive environment.

Here are the real questions that need to be asked:

1) Can the interference or disruption of the billing of another Companies products and services be viewed as a competitive issue?
2) Is LEC Billing a product that needs to be included in the competitive arena?
3) Is 30 days of notice enough time to make this kind of adjustment?
4) Is the action a reasonable solution

I believe that US West is aware that the LEC Platform is a very large competitive issue and has strategically selected this platform because of the explosive growth in the enhanced communications services market over the past three years. It is clearly an area that they want to dominate. I also believe that they understand the impact of such a move and they are proposing these changes to dominate a new business market before there is too much competition.

As I stated to you on the phone, of our approximately 25,000 – 35,000 customers approximately 80% are in the US West region and as you can imagine they will be directly affected by this proposed action.

It is unfortunate that the commission does not see the danger in applying 1988 standards to 21st century products or the competition brought on by those very products and services. It is also unfortunate that the regulatory bodies that oversee the merger mania that is occurring today will impact this further without any rules that these giants have to play by.

For our Company and several others like us, any change (or disruption) in the billing format or delivery system for billing our customer can be a dramatic undertaking and unless handled properly, any quick fix or hasty change can cause irreparable harm and confusion.

While the LEC's will argue that there are alternative platforms available, there are no real solutions that they have provided. They argue that we could use credit card billing when they know how difficult it is to get a customers credit card info and they themselves are not adhering to the same business model or billing platform recommendations for themselves. They know what kind of a burden they are placing on the small technology company and they are fleecing the rate payer in each region with such a proposal.

To make matters worse, rumor has it that they have come up with a new billing platform for Companies like ours called "Your Bill". This is supposed to be an alternative platform so they can show the world and would be regulators that they are providing an alternative without leaving companies like ours high and dry. It is a smokescreen as the bill is not comparable to the LEC Bill.

It gives the LECS an upper hand and a more direct impact on our customer relationship. The mistakes the LEC's make, (and they make several) will be our mistakes. Isn't it reasonable that we should see a product before we buy it? The service also requires users to write multiple checks for the bundled communications services we provide and is purported to be generic and they not offering it as a branded product. To complicate matters, their "Your Bill" solution has yet to be seen or verified in a real environment where actual tests have been performed in a high traffic environment. If I am confused I know my customers will be.

The bottom line here is that these are all unknown factors and until they can be measured they are not real. We have to see a proposal and have reasonable expectations that this same type of strategy will not repeat itself. What about the factors that really matter?

The availability of the product, its test results, the cost, the look, the impact, its scalability, its reporting, the distribution of funds, its user friendliness, its customer appeal are all unknowns and yet and we are being asked to move to it or another platform in less than 30 days. How could we possibly make that kind of decision in that kind of time frame? To exacerbate matters, the LEC's are not requiring their non-regulated subsidiaries to move to this platform and in fact want to keep their existing Monopoly platform for themselves and their subsidiary companies.

Even if we could reasonably evaluate a replacement product, how are we supposed to make the necessary program changes, adjust our systems. notify customers that the billing platform will change, avoid confusion, and hold on to customers? We entered into the LEC billing platform and agreement by submitting an application to the LEC's with everything short of our business plan. They have all of our marketing materials, our sales and verification scripts and control the very billing and links to our customers. In a nutshell, they have all our

customers phone numbers, addresses, and the products and services we provided. Is everyone so naïve to believe that these will be kept confidential?

Is it reasonable to think that such a change will not disrupt our business? How do we in such a compressed time train our customer service personnel, reprogram our systems and notify the customer of the changes?

What about the legal ramifications? Do we have the right to change our customers billing from a LEC platform when we told them specifically that that is specifically where the charges would appear? Is our contract with the customer valid if we move the billing without their consent? Does this kind of change give them more leverage not to pay their bill?

Your Bill is not a solution for Shared Network Services. It is a disruption of ongoing relationships between SNS and its customers. It is a clear violation of the competitive nature of LEC billing and it is the LEC's clear attempt to undermine the stability of our Company and the competitive nature of the Internet and rest of the enhanced services market.

I understand that US West has been effective in convincing all interested parties that they have given ample notice to implement such a change. They have not. Contrary to what appears to be the popular opinion, we have not had sufficient advance notice to properly adjust to such a proposed change.

US West is a regulated Monopoly chartered to offer local access, dial tone and line service to all businesses and residential customers in a specific designated service area. These services are regulated by the appropriate State PUC and the FCC at some level depending on the services in question.

In addition, each Bell Operating Company has several non regulated subsidiaries they have either started, acquired or spun off competing in various related communication industries such as Internet Access, Web Hosting, Voice Mail, etc. These subsidiary companies are not supposed to receive any preferential treatment from the LEC's directly and of course the LEC is not supposed to utilize its utility/monopoly status or resources to assist or cross subsidize these newer ventures.

Of course the Bells have many resources that were built on the back of a ratepayer that had no real choice in service providers. The networks, technical personnel, billing platforms, etc. were built as a result of a non competitive environment and/or effort and the argument still exists that the billing systems are a competitive weapon that can and will be negatively wielded. The Bells over the years have skirted a lot of these types of issues by opening up their billing platforms to competing products so they could then in turn offer those same billing services to their non regulated counter parts.

Regardless of the Bells arguments to the contrary, everyone using the billing platforms knew that the subsidiary companies were receiving preferential treatment anyway. This did not necessarily occur in the most obvious fashion they were generally more subtle than that. The LEC's were preferential in offering contracts, in collecting the billed revenue, with the level of adjustments and of course their willingness to sustain the subsidiary companies charges because after all we are all part of one big happy family.

There is no question in my mind that this is purely a competitive issue that needs rules and guidelines. Can you realistically say that the LEC would not have a substantially competitive advantage in convenience, etc. if the Bells were allowed to offer non-regulated services on the local phone bill that bears their logo and branding paid by the customer of the regulated monopoly. They would steamroller through each new industry that they had a subsidiary and use the phone bill as a marketing tool and for billing and collection convenience. This of course does not include the incredible marketing that they could achieve all at very little or no entrance cost to the unregulated subsidiary.

We would be and with this notice are being forced to develop a billing platform or purchase one for well in excess of $100,000 to $300,000 while the Bells subsidiaries would not have to. That would mean less capital for us to spend on R&D, product development, customer service, marketing and sales while the Bells would stifle every new startup technology threatening an entrance the Market.

The competitive issues are deeply rooted. I envision one of our customers receiving a phone bill from US West for a US West Internet Service and another bill from SNS. Which would get paid first ? Which service would have the longest shelf life? Are we really on a level and competitive playing field when the Bells can bundle all services including the non regulated services across their bill, while excluding mine in the offering?

Our single service bill would be scrutinized and decided upon each month while they would have an unwarranted competitive advantage in the billing arena. Think about it, not one of the Bell Subsidiaries would have to develop a billing platform on their own. Their services would automatically be legitimized by the Phone Company. Does anyone really believe that the average business understands these technical and subtle issues. Most of them believe that the Bells billing systems are private when they were clearly developed with ratepayer money. Our Money.

The Bells have already taken liberty with the billing platform in issuing credits to our customer for legitimate services that they would not have issued to

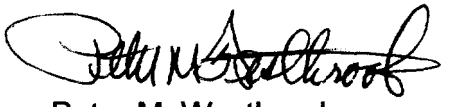
customers of their subsidiaries. They have already entered our market and bill for those same services across a regulated platform. Now they are proposing to eliminate billing for our Company across a powerfully competitive platform while continuing to bill for their subsidiary companies with what is clearly a branding and bundling strategy.

While we are currently writing letters to you, Justice Department, and the FTC as well as the associations we belong to, we believe that this is an explosive issue that will dramatically shape competition in the future.

Thank you once again for you time and consideration. I am hopeful that our comments are heard and that the commission gives ample time for review and resolution of these issues.

While I understand the commissions reluctance to usurp authority it may or may not have, the Commission can exercise the pressure of competitive dialog and implement rules to govern the new competitive landscape that appears to be ever shrinking.

Sincerely,



Peter M. Westbrook
Shared Network Services
President.